

BEFORE THE PUBLIC SERVICE COMMISSION
REGULATORY COUNCIL
STATE OF TENNESSEE

1999 AUG 23 AM 11 46

APPLICATION OF INTELICOM
INTERNATIONAL CORPORATION AND
S4 CORPORATION FOR APPROVAL
OF A STOCK ACQUISITION AGREEMENT

EXECUTIVE SECRETARY

CASE NO.

99-00620

APPLICATION

Intelicom International Corporation ("Intelicom") and S4 Corporation ("S4"), pursuant to the applicable Statutes of Tennessee and the Commission's Rules and Regulations currently in effect and/or subsequently enacted, hereby requests Commission approval of a Stock Acquisition Agreement¹ (the "Agreement") whereby Intelicom will become a wholly-owned subsidiary of S4.

The transaction will result in the acquisition by S4 of all of the outstanding and issued shares of Intelicom's common stock for equitable consideration. Following the transaction, Intelicom will continue to operate under the same name and will operate, in all material respects, as Intelicom currently operates. The present technical and managerial personnel of Intelicom will remain the same after this transaction. Intelicom will continue to provide service under Intelicom's present operating authorities, certifications and tariffs.

cc# 4721
\$25

¹ A draft copy of the proposed Agreement is attached hereto as Exhibit "A."

As a regulated telecommunications provider, Intelicom hereby seeks Commission approval of the Agreement, which will result in a change in ownership of the stock of Intelicom. Commission approval of the proposed Agreement will be beneficial to the involved companies as well as their customers, primarily due to the enhanced overall financial strength and buying power of the combined companies which will result from the transaction. Approval of the proposed Agreement will not in any way be detrimental to the public interests of the State of Tennessee. The customers of Intelicom will continue to receive the same high quality service presently rendered to them.

In support of this Application, Applicant shows the following:

I. THE PARTIES

1. Intelicom is a privately held Florida corporation with principal offices located at 28050 US 19 North, Suite 202, Clearwater, Florida 34621. Intelicom is a non-dominant carrier that resells domestic and international long distance service purchased from various facilities based carriers.

2. Intelicom is authorized by the FCC to provide international services as a non-dominant carrier and intrastate service, pursuant to certification, registration or tariff requirements, or on an unregulated basis, in forty-three (43) states. Intelicom is a certificated carrier in the State of Tennessee.²

3. Upon consummation of the transaction, Intelicom's corporate address will change to 7254 East 86th Street, Indianapolis, Indiana 46250.

² In Tennessee, Intelicom provides intrastate telecommunications services pursuant to Certificate of Public Convenience and Necessity,

3. S4 is a privately held Indiana corporation with principal offices located at 7254 East 86th Street, Indianapolis, Indiana 46250. S4 is a holding company which does not directly offer long distance telecommunications services, but rather owns and operates, and is in the process of acquiring, wholly owned subsidiaries which offer such services.

4. Pursuant to the transaction which is the subject of this Application, S4 will acquire all of the shares for equitable consideration and Intelicom will become a wholly-owned subsidiary of S4. After the transaction, Intelicom will continue to operate, in all material respects, as Intelicom currently operates. Intelicom will continue to operate as a regulated entity pursuant to Intelicom's present certifications, registrations, tariff requirements and rate structures, or on an unregulated basis, pursuant to applicable law.

II. DESIGNATED CONTACT

5. The designated contact for questions concerning this Application is:

EllenAnn G. Sands
Nowalsky, Bronston & Gothard
3500 North Causeway Boulevard
Suite 1442
Metairie, Louisiana 70002
Telephone: (504) 832-1984
Facsimile: (504) 831-0892

III. REQUEST FOR PERMISSION TO CONSUMMATE THE AGREEMENT

6. At the present time, S4 is a non-regulated entity operating as a holding company to facilitate access to capital funding and to use economies of scale to benefit its affiliated companies. Intelicom is a regulated entity providing intrastate interexchange services to its customers. By virtue of this transaction, and the resulting association of the two (2) corporate entities, both companies will realize economic, marketing and administrative efficiencies. Copies of financial statements for both Intelicom and S4 are attached to this Application, in globo, as Exhibit "B".

7. Applicant accordingly proposes a transaction which will accomplish the following:

- (a) S4 will acquire all of the shares of the stock of Intelicom by virtue of the Acquisition Agreement;
- (b) As a result of the transaction, Intelicom will become a wholly owned subsidiary of S4;
- (c) Intelicom shall continue to operate as a regulated entity pursuant to Intelicom's present certifications, registrations, tariff requirements and rate structures, or on an unregulated basis, as provided by and pursuant to applicable law.

8. It is respectfully represented herein that the transfer of stock as outlined above will be made for fair and due consideration to the stockholders of both S4 and Intelicom.

9. The technical and managerial personnel of Intelicom will be the technical, managerial and financial personnel of Intelicom after the transaction, and the Intelicom, as a wholly-owned subsidiary of S4, will continue to provide service to the customers of Intelicom with the same high level of expertise currently in place.

10. The practical effect of the transaction is a change in ownership of the common stock of Intelicom. Intelicom will continue to operate in all respects as Intelicom presently operates.

IV. PUBLIC INTEREST CONSIDERATIONS

11. Critical to the proposed transaction is the need to ensure the continuation of high quality service to all customers currently served by Intelicom. The proposed transaction will serve the public interest for the following reasons:

- (a) First, it will enhance the operating efficiencies, including market efficiencies, of Intelicom.
- (b) Second, it will increase the appeal to present and potential customers as communications services will be provided in a more cost-effective manner due to higher buying power and lower transport costs.
- (c) Finally, it will allow Intelicom to operate in a more cost effective manner due to improved access to capital and the ability to provide services to customers at competitive prices.

12. Accordingly, the requested transaction will serve to create a heightened level of operating efficiency which generally will serve to enhance the overall capacity of Intelicom to compete in the marketplace and to provide telecommunications services for Tennessee customers at competitive rates.

V. CONCLUSION

13. WHEREFORE, for the reasons stated herein, Applicants respectfully request that the Commission authorize consummation of the Agreement as described above.

DATED this 20th day of August, 1999.

Respectfully submitted,



EllenAnn G. Sands
Nowalsky, Bronston & Gothard, APLLC
3500 North Causeway Boulevard, Suite 1442
Metairie, Louisiana 70002
Telephone: (504) 832-1984
Counsel for Intelicom International Corp.
and S4 Corporation


STATE OF LOUISIANA
COUNTY OF ORLEANS

VERIFICATION

I, Scott Wilson, am the President of S4 Corporation and am authorized to make this verification on its behalf. The statements made in the foregoing Application are true of my own knowledge, except as to those matters which are therein stated on information and belief, and as to those matters I believe them to be true.

By: 
Name: Scott Wilson
Title: President

Sworn to and subscribed before me, Notary Public, in and for the State and County named above, this 30th day of July, 1999


Notary Public

My commission expires: at death

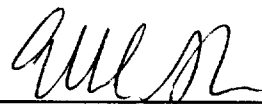
STATE OF LOUISIANA
COUNTY OF ORLEANS

VERIFICATION

I, David Spezza, am the President of Intelicom International Corp. and am authorized to make this verification on its behalf. The statements made in the foregoing Application are true of my own knowledge, except as to those matters which are therein stated on information and belief, and as to those matters I believe them to be true.

By: 
Name: David Spezza
Title: President

Sworn to and subscribed before me, Notary Public, in and for the State and County named above, this 18th day of August, 1999


Notary Public

My commission expires: at death

Exhibit A

DRAFT

ACQUISITION AGREEMENT

THIS ACQUISITION AGREEMENT, is effective as of _____ by and among (a) S4 Corporation, an Indiana corporation, (the "Purchaser"), (b) Intelicom International Corporation, a Florida corporation (the "Acquired Corporation"), and (c) Intelicom Holding Corporation, a Florida Corporation, (the "Seller").

WITNESSETH:

WHEREAS, the Acquired Corporation is engaged in the telecommunications business as a switchless reseller of long distance telephone service pursuant to certain state tariffs (the "Resale Business") and, in connection therewith the Acquired Corporation owns certain assets, as set forth in Schedule "A" (the "Resale Business Assets"), including a customer base to which the Acquired Corporation resells such long distance telephone service (the "Customer Base"), as described in Schedule "A";

WHEREAS, the Seller owns all of the issued and outstanding capital stock ("Stock") of the Acquired Corporation; and

WHEREAS, the parties desire the Purchaser to acquire from the Seller all of the Stock.

NOW, THEREFORE, in consideration of the premises herein set forth, and the mutual promises and respective representations and warranties of the parties, one to another made herein, and the reliance of each party upon the other(s) based hereon, the parties agree, as follows:

ARTICLE I PRELIMINARY MATTERS

Section 1.01. Recitals. The parties acknowledge the recitals herein above set forth in the preamble are correct, are, by this reference, incorporated herein and are made a part of this Agreement.

Section 1.02. Exhibits and Schedules. Exhibits (which are documents to be executed and delivered at the Closing by the party identified therein or in the provision requiring its delivery) and Schedules (which are statements setting forth information about either the Acquired Corporation or the Purchaser, as the case may be) referred to herein and annexed hereto are, by this reference, incorporated herein and made a part of this Agreement, as if set forth fully herein.

Section 1.03. Use of words and phrases. Natural persons may be identified by last name, with such additional descriptors as may be desirable. The words "herein," "hereby," "hereunder," "hereof," "herein before," "hereinafter" and any other equivalent words refer to this Agreement as a whole and not to any particular Article, Section or other subdivision hereof. The words, terms and phrases defined herein and any pronoun used herein shall include the singular, plural and all genders. The word "and" shall be construed as a coordinating conjunction unless the context clearly indicates that it should be construed as a copulative conjunction.

Section 1.04. Accounting terms. All accounting terms not otherwise defined herein shall have the meanings assigned to them under generally accepted accounting principles ("GAAP") unless specifically referenced to regulatory accounting principles.

Section 1.05. Calculation of time lapse or passage; Action required on holidays. When a provision of this Agreement requires or provides for the calculation of the lapse or passage of a time period, such period shall be calculated by treating the event which starts the lapse or passage as zero; provided, that this provision shall not apply to any provision which specifies a certain day for action or payment, e.g. the first day of each calendar month. Unless otherwise provided, the term "month" shall mean a period of thirty days and the term "year" shall mean a period of 360 days, except that the term "calendar year" shall mean the actual calendar year period. If any calendar day on which action is required to be taken or payment is required to be made under this Agreement is not a business day, then such action or payment shall be taken or made on the next succeeding business day.

Section 1.06. Use of titles, headings and captions. The titles, headings and captions of articles, sections, paragraphs and other subdivisions contained herein are for the purpose of convenience only and are not intended to define or limit the contents of said articles, sections, paragraphs and other subdivisions.

ARTICLE II TERMS OF THE TRANSACTION

Section 2.01. Acquisition. The Seller will sell, assign and transfer the Stock to the Purchaser (the "Acquisition") and, in exchange therefore, Purchaser shall pay to Seller an aggregate purchase of as follows:

personally guaranteed by each of Scott Wilson, Acquired Corporation and S4 Wholesale Service Corp., an Indiana corporation ("S4 Wholesale"), pursuant to a Guaranty Agreement in the form of Exhibit "C" attached hereto (collectively the "Guaranties"). All payments to be made by Purchaser to Seller pursuant to this Section 2.01 shall be made by wire transfer to an account designated by Seller.

Section 2.02. Security for Purchaser's Obligations. As security for Purchaser's payment of the Purchase Price and performance of Purchaser's other obligations under this Agreement, the Purchaser, S4 Wholesale and the Acquired Corporation hereby agree to pledge and grant a security interest in the following assets (collectively, the "Collateral"): (a) Purchaser shall pledge all of its right, title and interest in and to the Stock to Seller pursuant to a Pledge Agreement (the "Pledge Agreement") in the form of Exhibit "D" attached hereto; (b) Acquired Corporation shall grant a security interest in all of its assets (including, but not limited to, the Customer Base, all

receivables attributable to the Customer Base, tariffs and certifications) to the Seller pursuant to a Security Agreement (the "Security Agreement") in the form of Exhibit "F" attached hereto; (c) Purchaser shall grant a security interest in all of its assets (including, but not limited to, Purchaser's accounts receivable) to Seller pursuant to the Security Agreement; and (d) S4 Wholesale shall grant a security interest in and to all of its assets (including, but not limited, to S4 Wholesale's accounts receivable) to Seller pursuant to the Security Agreement.

Section 2.03 Remedies. In the event the Purchaser fails to make any payment of the Purchase Price at the time or times so specified in this Agreement or the Note or the Purchaser fails to perform any other obligation under this Agreement, Seller shall have the right, in its sole and absolute discretion, at any time and from time to time to exercise its rights under this Agreement, the Note, the Pledge Agreement and/or the Security Agreement (subject to any applicable cure period in any such agreements), as well as all rights and remedies provided by applicable law.

ARTICLE III

CLOSING OF THE TRANSACTION

Section 3.01. Date of the Closing. The Closing of the transactions herein contemplated shall be effective as of _____ subject to the satisfaction of the conditions to Closing set forth in Sections 3.06 and 3.07.

Section 3.02. Obligations of the Acquired Corporation at Closing. At the Closing, the Acquired Corporation will:

- (a) Deliver a Secretary's Certificate, in the form of Exhibit "F".
- (b) Deliver copies of all tariffs in possession of the Seller.
- (c) Deliver a copy of the Reseller Service Agreement between Business Telecom, Inc. ("BTI") and the Acquired Corporation dated February 20, 1996 (the "BTI Reseller Agreement") and of the VLM Consulting Agreement dated August 1, 1995 between VLM Consulting, Inc. ("VLM") and the Acquired Corporation (the "VLM Consulting Agreement").
- (d) Deliver a letter from Nowalsky, Bronston, & Gothard, PLLC representing and warranting that the Acquired Corporation is certified, tariffed and in good standing in all states except for Alaska, Hawaii, Rhode Island, Colorado and Montana.
- (e) Deliver a letter from BTI validating the transfer by the Acquired Corporation of the toll free access numbers used for the 800 pin program to a carrier designated by the Purchaser.
- (f) Deliver a letter from Corporation Service Company, as the registered agent for the Acquired Corporation, that the Acquired Corporation is active and in good standing in each of the forty seven (47) states in which the Seller is qualified to do business as a foreign corporation.

Section 3.03. Obligations of the Purchaser at Closing. At the Closing, the Purchaser will:

- (a) Deliver a Secretary's Certificate of the Purchaser, in the form of Exhibit "F".
- (b) Deliver a certificate of good standing issued by the Secretary of State of its state of incorporation and of each state in which it is qualified as a foreign corporation to do business.
- (c) Deliver or cause to be delivered the Note, the Pledge Agreement, the Security Agreement (together with UCC-1 Financing Statements), the Guaranties and any other documents required by this Agreement.

Section 3.04. Obligations of the Seller at Closing. At the Closing, the Seller will:

- (a) Deliver a Secretary's Certificate, in the form of Exhibit "F".
- (b) Deliver the certificate(s) representing the Stock, together with a duly executed stock power in favor of the Purchaser, to the escrow agent in accordance with the Pledge Agreement.

Section 3.05. Further assurances. At any time and from time to time after the Closing, at the reasonable request of any party and without further consideration, any other party(ies) shall execute and deliver such other instruments and documents as such party may deem reasonably desirable or necessary to complete the transactions contemplated by this Agreement.

Section 3.06. Conditions precedent to the Acquired Corporation's and the Seller's obligation to Close. All obligations of the Acquired Corporation and the Seller hereunder are subject, at the option of the Acquired Corporation and the Seller, to the fulfillment of each of the following conditions at or prior to the Closing, and the Purchaser shall exert its best efforts to cause each such condition to be so fulfilled:

- (a) All representations and warranties of the Purchaser contained herein or in any document delivered pursuant hereto shall be true and correct in all material respects as of the date of the Closing.
- (b) All covenants, agreements and obligations required by the terms of this Agreement to be performed by the Purchaser at Closing shall have been duly and properly performed in all material respects.
- (c) All documents required to be delivered by the Purchaser at the Closing shall have been so delivered.
- (d) The Seller shall have received a certificate of good standing for the Purchaser issued by the secretary of state of its state of incorporation and of each state in which it is qualified to do business as a foreign corporation.

Section 3.07. Conditions precedent to the Purchaser's obligation to Close. All obligations of the Purchaser at the Closing are subject, at the option of the Purchaser, to the fulfillment of each of the following conditions at or prior to the Closing, and the Acquired Corporation and the Seller shall each exert its best efforts to cause each such condition to be so fulfilled.

(a) All representations and warranties of the Acquired Corporation and the Seller contained herein or in any document delivered pursuant hereto shall be true and correct in all material respects as of the date of the Closing.

(b) All covenants, agreements and obligations required by the terms of this Agreement to be performed by Acquired Corporation and the Seller at Closing shall have been duly and properly performed in all material respects.

(c) All documents required to be delivered by the Acquired Corporation and by the Seller at the Closing shall have been so delivered.

(d) The Purchaser shall have received a certificate of good standing for the Acquired Corporation issued by the secretary of state of its state of incorporation.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE PARTIES

Section 4.01. The Acquired Corporation and the Seller's representations and warranties. The Acquired Corporation and the Seller, jointly and severally, represent and warrant to the Purchaser that:

(a) The Acquired Corporation is a duly incorporated and existing corporation in good standing under the laws of its state of incorporation, has full corporate power to execute and deliver this Agreement, is qualified as a foreign corporation in every jurisdiction where the conduct of the Resale Business requires it to be qualified and has made available to the Purchaser true copies of its articles of incorporation, as amended, bylaws and the records of proceedings of its board of directors and stockholders, to the extent such records exist, since the inception of the Acquired Corporation. The Acquired Corporation does not have any subsidiaries.

(b) The Acquired Corporation has the power to conduct the Resale Business as it is now being conducted and to own and lease the properties associated therewith shown on its most recent balance sheet.

(c) This Agreement has been duly and validly authorized, executed and delivered by the Acquired Corporation and the Seller and constitutes the legal, valid and binding obligation of each of them enforceable against them, severally, in accordance with its terms subject, as to enforceability, to bankruptcy, insolvency, reorganization and other laws of, relating to or affecting shareholders and creditors rights generally and to general equitable principles.

(d) Except as set forth on Schedule 4.01(d), the execution of this Agreement and consummation of the transactions contemplated hereby do not conflict with and will not result in any adverse consequences to or breach of any agreement, mortgage, instrument, judgment, decree, law or governmental regulation, permit or authorization by the Acquired Corporation or in the loss, forfeiture or waiver of any rights or franchise owned by the Acquired Corporation, from which the Acquired Corporation benefits or which is desirable in the conduct of the Acquired Corporation's business.

(e) Except as set forth on Schedule 4.01(e), the Acquired Corporation's authorized capital is as set forth in its most recent balance sheet and the Acquired Corporation's issued and outstanding capital stock has been duly and validly authorized, is validly issued and fully paid and nonassessable, all of which is legally and beneficially owned by the Seller of record as shown on its stock transfer ledger and none of which is subject to any liens, claims, encumbrances or restrictions of any kind.

(f) Except for such actions as may have been taken, no further action by or before any governmental body or authority of the United States of America or any state or subdivision thereof or any self-regulatory body to which the Acquired Corporation is subject is required in connection with the execution and delivery of this Agreement by the Acquired Corporation and by the Seller and the consummation of the transactions contemplated hereby.

(g) The information the Acquired Corporation and the Seller have delivered to the Purchaser relating to the Acquired Corporation and the Resale Business set forth in the Exhibits and Schedules attached hereto was, to the knowledge of the Acquired Corporation and the Seller, on the date reflected in each such item of information accurate in all material respects and, to the knowledge of the Acquired Corporation and the Seller, such information at the date hereof taken as a whole provides, to the knowledge of the Acquired Corporation and the Seller, full and fair disclosure of all material information relating to the Acquired Corporation and the Resale Business and does not, to the knowledge of the Acquired Corporation and the Seller, omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(h) The Acquired Corporation has conducted its business in the ordinary course for the last three years or since inception, whichever is less.

(i) To the best of the knowledge of the Acquired Corporation and of the Seller, no employee of the Acquired Corporation has given or agreed to give within the past two years or since inception, whichever is less, any gift or similar benefit valued at more than \$20 annually to any customer, supplier, governmental employee or other person who is or may be or have been in a position to help or hinder the Acquired Corporation's business which is reasonably likely to subject the Acquired Corporation to damage or penalty in civil, criminal or governmental litigation or proceedings.

(j) The Stock owned by the Seller is the only capital stock of the Acquired Corporation issued and outstanding, there being no other capital stock of the Acquired Corporation issued and outstanding, no authorizations in effect or, upon a specified event, with the lapse of time or

otherwise, to take effect for the issue of additional shares of the Acquired Corporation's capital stock, no obligations outstanding convertible into capital stock of the Acquired Corporation, no options, warrants, rights or similar instruments outstanding pursuant to which the holder has a right to demand and receive the issuance of the Acquired Corporation's capital stock and no stock appreciation rights or phantom stock of the Acquired Corporation held by any person or to which any person has a claim.

(k) Attached hereto as Schedule 4.10(k) are true and complete copies of the Acquired Corporation's balance sheet and related statement of income at and for the period ended December 31, 1998 and for the months ended January 31, 1999 and February 28, 1999. Such financial statements have not been audited, but fairly present the financial condition of the Acquired Corporation at the date(s) and the results of operations for the periods indicated and, except as disclosed in the notes thereto, the Acquired Corporation does not have any contingent, undisclosed or hidden liabilities.

(l) The Acquired Corporation has valid letters of authorization covering substantially all of the customers included in the Customer Base and has good title to the BTI Reseller Agreement and long distance tariffs reflected in its books. To the knowledge of the Acquired Corporation and the Seller, none of such intangible properties are subject to any mortgage, pledge, lien, charge, security interest, encumbrance, restriction, lease, license, liability, notice of cancellation or termination, adverse governmental action or proceeding or adverse claim.

(m) Except as set forth on Schedule 4.01(m) all of the agreements, contracts, licenses, franchises and tariffs of the Acquired Corporation relating to the Resale Business (other than those which have been fully performed), copies of which have been made available to the Purchaser, are valid and binding, are enforceable by the Acquired Corporation in accordance with their respective terms, in full force and effect and, to the knowledge of the Acquired Corporation and the Seller, there is not thereunder any existing default or event, which after the giving of notice or lapse of time or both, would constitute a default or result in a right to accelerate or loss of rights.

(n) Except as set forth in Schedule 4.01(n), there is no claim, legal action, suit, arbitration, governmental investigation, or other legal or administrative proceeding, nor any order, decree or judgment in progress, pending or in effect or to the Seller's or the Acquired Corporation's knowledge threatened, against or relating to the Acquired Corporation, its directors, officers or employees, its properties, assets or business or the transaction contemplated by this Agreement and neither the Acquired Corporation nor the Seller knows or has any reason to be aware of any basis for the same, including any basis for a claim of sexual harassment or racial or age discrimination.

(o) Except as set forth in Schedule 4.01(o), all income, property, special assessments, franchise, intangibles, employees' income withholding and social security taxes, imposed by the United States or any state, municipality, subdivision or authority, which are due and payable, and all interest and penalties thereon, unless disputed in good faith in proper proceedings and reserved for or set aside, have been paid in full and all tax returns required to be filed in

connection therewith have been accurately prepared and timely filed and all deposits required by law to be made by the Acquired Corporation with respect to employees' withholding and social security taxes have been made. Except as set forth in Schedule 4.01(o), the Acquired Corporation is not and has no reason to believe that it will be the subject of an audit by any taxing authority. There is not now in force any extension of time with respect to the date when a tax return was or is due to be filed, or any waiver or agreement by the Acquired Corporation for the extension of time for the assessment of any tax and the Acquired Corporation is not a "consenting corporation" within the meaning of Section 341(f)(1) of the Internal Revenue Code of 1986, as amended. All workers' compensation, disability and similar items due and payable under any governmental program have been paid.

(p) Except as set forth in Schedule 4.01(p), the Acquired Corporation does not have any employee benefit, pension or profit sharing plans subject to ERISA and no such plans to which the Acquired Corporation is obligated or required to make contributions.

(q) None of the Acquired Corporation's employees are represented by a collective bargaining agent or subject to a collective bargaining agreement and the Acquired Corporation considers its relations with its employees as a whole to be good; all employee compensation which has accrued and is required to have been paid has been paid in full; and, the Acquired Corporation has not been subject to any strikes, work stoppages or labor unrest occurring in the last two years. The Acquired Corporation has disclosed to the Purchaser all employee salary, compensation and benefit agreements and, except as set forth on Schedule 4.01(q), no employee has a written employment agreement.

(r) Except as set forth in Schedule 4.01(r), no person has guaranteed any obligation of the Acquired Corporation and the Acquired Corporation has not guaranteed the obligation of any other person.

(s) All offers and sales of securities by the Acquired Corporation during the most recent two years have been made in compliance with all material requirements of federal and applicable state securities laws.

(t) Disclosure made by the Acquired Corporation and/or the Seller in any Exhibit or Schedule shall be deemed disclosure for purposes of all representations and warranties contained in this Agreement.

Section 4.02. The Purchaser's representations and warranties. The Purchaser represents and warrants to the Acquired Corporation and the Seller that:

(a) The Purchaser is a duly incorporated and existing corporation in good standing under the laws of its state of incorporation and has full corporate power to execute and deliver this Agreement.

(b) This Agreement has been duly and validly authorized, executed and delivered by the Purchaser and constitutes the legal, valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms subject, as to enforceability, to bankruptcy,

insolvency, reorganization and other laws of, relating to or affecting shareholders and creditors rights generally and to general equitable principles.

(c) Except for such actions as may have been taken, no further action by or before any governmental body or authority of the United States of America or any state thereof is required in connection with the execution and delivery of this Agreement by the Purchaser and the consummation of the transactions contemplated hereby.

(d) Attached hereto as Schedule 4.02(d) are true and complete copies of the Purchaser's unaudited balance sheets for the calendar year ended December 31, 1998 and for the interim periods ended January 31, 1999 and February 28, 1999 which have been prepared in accordance with GAAP and fairly present the financial condition of the Purchaser at and the owners of the pledged Collateral the date(s) indicated and, except as disclosed in the notes thereto, the Purchaser does not have any contingent, undisclosed or hidden liabilities.

(e) There is no claim, legal action, suit, arbitration, governmental investigation, or other legal or administrative proceeding, nor any order, decree or judgment in progress, pending or in effect involving the Purchaser or any of the Collateral and, to the Purchaser's and the owners of the pledged Collateral knowledge, threatened, against or relating to the Collateral, the Purchaser, its directors, officers or employees, its properties, assets or business or the transactions contemplated by this Agreement.

(f) The execution and delivery by the Purchaser of this Agreement, the consummation of the transactions contemplated hereby by the Purchaser, the performance of the obligations of the Purchaser and the pledge of the Collateral hereunder will not (i) violate any of the provisions of the charter or by-laws of the Purchaser or the laws of the jurisdiction in which the Purchaser is incorporated; (ii) conflict with, or result in a default (or would constitute a default but for any requirement of notice or lapse of time or both) under any document, agreement or other instrument to which the Purchaser or the owner of the Collateral is a party or result in the creation or imposition of any lien, charge or encumbrance on any of the Collateral pursuant to (A) any law or regulation to which the Purchaser or any pledgor of the Collateral or any of their respective property is subject, or (B) any judgment, order or decree to which Purchaser or any pledgor of the Collateral is bound or any of their respective property is subject; or (iii) violate any law, order, judgment, rule, regulation, decree or ordinance by which Purchaser or any pledgor of Collateral or any of their respective property is bound.

(g) The Purchaser has conducted its own independent review and analysis of the business, assets, condition, operations and prospects of the Acquired Corporation and acknowledges that the Purchaser has been provided access to the properties, premises and records of the Acquired Corporation for this purpose and has been afforded an opportunity satisfactory to it to discuss the foregoing with management of the Acquired Corporation. In entering into this Agreement, the Purchaser has relied solely upon its own investigation and analysis and the representations and warranties contained herein, and the Purchaser:

(i) except as otherwise set forth in this Agreement, understanding that neither the Acquired Corporation, the Seller or any of their respective directors, officers, employees,

affiliates, agents or representatives makes any representation or warranty, either express or implied, as to the accuracy or completeness of any of the information provided or made available to the Purchaser, or its agents or representatives prior to the execution of this Agreement; and

(ii) understands the Stock has not been registered under the 1933 Act;

(iii) agrees, to the fullest extent permitted by law, that none of the Acquired Corporation, the Seller or any of their respective directors, officers, employees, affiliates, agents or representatives shall have any liability or responsibility whatsoever to the Purchaser on any basis (including, without limitation, in contract or tort, under federal or state securities laws or otherwise) based upon any information provided or made available, or statements made, to the Purchaser prior to the execution of this Agreement, except that the foregoing limitations shall not apply to the Acquired Corporation or the Seller to the extent the Acquired Corporation and the Seller make the specific representations and warranties set forth in this Agreement and the Exhibits and the Schedules, but always subject to the limitations and restrictions contained in this Agreement and the Schedules and Exhibits.

(h) The information the Purchaser has delivered to the Acquired Corporation was on the date reflected in each such item of information accurate in all material respects and such information at the date hereof as a whole did not contain any untrue statement of material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(i) The Collateral set forth in Section 2.02 hereof is legally and beneficially owned by the pledgor of such Collateral and is not subject to any mortgages, security interests, liens, claims, encumbrances, charges, pledges or restrictions of any kind or nature.

Section 4.03. Nature and survival of representation and warranties. All statements of fact contained in this Agreement and any Schedule delivered pursuant to this Agreement shall be deemed representations and warranties made by the party delivering or providing the statements of fact contained in this Agreement and any such Schedule. For purposes of this Section 4.03 only, any party or other person seeking to enforce, or claiming the benefit of, any representation and warranty under this Agreement is called a Claimant, and any party or other person against whom a right is claimed is called a Defendant. All representations and warranties of the parties shall survive the Closing; provided, however, that all representations and warranties shall terminate and expire, and be without further force and effect whatever from and after one year from the Closing, and neither the Purchaser, the Acquired Corporation nor the Seller shall have any liability whatsoever on account of any inaccurate representation or warranty or for any breach of warranty, unless a Claimant shall, on or prior to one year from the Closing, serve written notice on a Defendant, with a copy to the Defendant's counsel, setting forth in reasonable detail the breach and any direct damages (including amounts) the Claimant may have suffered as a result of such breach.

ARTICLE V
COVENANTS OF THE PARTIES

Section 5.01. Covenants of the parties. Each of the respective parties identified in the following sections of this Article V covenants and agrees, as provided in the sections which are applicable to it. These covenants shall be in full force and effect until this Agreement is terminated by one of the parties as provided herein or this Agreement has terminated according to its terms.

Section 5.02. Cooperation by the parties. Each party hereto shall cooperate and shall take such further action as may be reasonably requested by any other party in order to carry out the provisions and purposes of this Agreement.

Section 5.03. Resignation of the Acquired Corporation directors and officers at Closing. Each of the Acquired Corporation's directors and officers will resign as officers and directors of the Acquired Corporation and such resignation shall be effective as of the date and time of the Closing.

Section 5.04. Conduct of business after Closing. Until such time as all of the Purchaser's obligations under Section 2.01 hereof and under the Note have been fully satisfied, the Purchaser shall (a) operate the Acquired Corporation and the Resale Business in the ordinary course consistent with past practice and will use its best efforts to preserve and maintain the assets of the Acquired Corporation (including, but not limited to, the tariffs and Customer Base) and (b) not make any business decisions or otherwise take any action or refrain from taking any action relating to the Resale Business which may adversely affect the Customer Base and/or the validity and/or good standing of any licenses, certifications or tariffs of the Resale Business. In the event that the Purchaser causes the Acquired Corporation to take any action or fail to take any action which, in the reasonable discretion of the Seller and without its consent, is deemed to adversely affect the Customer Base and/or the validity and/or good standing of any licenses, certifications or tariffs of the Resale Business, then upon written notice by the Seller to the Purchaser, the Seller shall have the right to treat the Note as being in default and to accelerate Purchaser's payment obligations in accordance with the Note.

Section 5.05. Assumption of the Seller's employees Salaries. After the Closing, the Purchaser shall assume the responsibility of all salaries of the Acquired Corporations employees, except for any officer or director that is required to resign pursuant to Section 5.07.

Section 5.06. Restrictions on Transfer of Stock. The Purchaser shall not sell, exchange, assign, transfer, dispose of, pledge, mortgage, hypothecate or otherwise encumber, transfer or permit to be transferred all or any of the Stock at any time the Purchaser is obligated to pay any part of the Purchase Price to the Seller. The shares of Stock issued to the Purchaser on the Closing Date shall bear a legend in substantially the following form:

The voluntary or involuntary encumbering, transfer or other disposition (including, without limitation, any disposition pursuant to the laws of bankruptcy) of the shares of stock evidenced by the within certificate is restricted under the terms of an Acquisition Agreement dated March 31, 1999, by and among the Purchaser, Seller and the Acquired Corporation, as each such term is defined in said Agreement.

Section 5.07. Cooperation in audits. The Seller will cooperate with the Purchaser and make such books and records of the Acquired Corporation available as may be requested by the independent auditor engaged by the Acquired Corporation to audit the financial statements of the Acquired Corporation and in any audit by the Internal Revenue Service or state taxing authority.

Section 5.08. BTI Security. Within 30 days of Closing, the Purchaser shall have provided BTI with a form of credit acceptable to BTI to secure the Acquired Corporation's payment obligations under the BTI Reseller Agreement (as defined in Section 3.01(c) hereof) and Seller shall have received from BTI a letter to the Seller's satisfaction acknowledging that BTI does not have any basis to retain any of the Seller's commissions under the that certain Dealer Agreement, dated September 24, 1996, between BTI and the Seller (the "BTI Dealer Agreement"), as security for the Acquired Corporation's obligations under the BTI Reseller Agreement. In the event Purchaser is unable for any reason whatsoever to provide acceptable security to BTI and to obtain a letter from BTI acknowledging release of Seller's commissions as security for amounts due under the BTI Reseller Agreement, as set forth in this Section 5.08, the Seller shall be entitled to exercise its rights and remedies under the Pledge Agreement and/or the Security Agreement to cause a sale of all or a part of the Collateral pledged thereunder and to use the proceeds thereof to provide BTI with a letter of credit or required security deposit.

Section 5.09. Release of Office Lease Guaranty. Within 30 days of the Closing, the Purchaser shall have obtained a release of David Kanstoroom and David Spezza as personal guarantors of that certain Office Building Lease, dated July 26, 1994, between Acquired Corporation and Corporate Square Realty, Inc. (the "Office Lease"). In the event that Purchaser is unable to obtain a release of David Kanstoroom and David Spezza as set forth in this Section 5.09, the Purchaser shall prepay all rent, plus any assessments and additional amounts under the Office Lease for the remaining term of the Office Lease, and shall provide evidence of such prepayment acceptable to Seller.

Section 5.10. Lockbox and Joint Bank Account Agreement. On or before April 15, 1999, Purchaser and Seller shall have entered into a Lockbox and Joint Bank Account Agreement (the "Lockbox Agreement") with Southwest Bank of Texas, N.A. (the "Bank") which is mutually acceptable to Purchaser and Seller. The Lockbox Agreement shall provide, among other terms and conditions, that (a) Purchaser and S4 Wholesale will deposit all of their receivables (or cause their customers to remit such receivables directly to the Bank for deposit) to account number 326046 at the Bank which is in the name of the Purchaser and S4 Wholesale (the "Purchaser Account") and (b) Seller shall be entitled to receive, without making any demand on Purchaser or S4 Wholesale, seven and one-half percent (7 1/2%) of all deposits to the Purchaser Account, which amounts shall be automatically transferred by the Bank to an account designated

by Seller immediately after each such deposit is received by the Bank or at such other time or times as is mutually agreed upon by the Purchaser and the Seller. All amounts received by Seller from the Purchaser Account each month shall reduce the current monthly payment then due under the Note; provided, however, if the amounts received by the Seller during any month from the Purchaser Account exceed the then current payment due under the Note, any excess shall be retained by the Seller and shall reduce the amount of the \$220,000 balloon payment under the Note and, if the amount received by the Seller from the Purchaser Account during any month is less than the then current payment due under the Note, Purchaser shall immediately pay to Seller any such shortfall. Notwithstanding the foregoing, Purchaser shall be obligated to pay the entire amount of the Note without regard to whether the amounts received by the Seller from the Purchaser Account are sufficient to satisfy such payment obligations. In furtherance of the foregoing, each of Purchaser and S4 Corporation hereby covenants and agrees that until such time as the Purchase Price payable pursuant to Section 2.01 hereof and the Note has been fully paid and satisfied, the Purchaser Account shall be the exclusive account to which Purchaser and S4 Wholesale deposit their receivables (or cause their customers to remit payment of such receivables) and that the Purchaser and S4 shall have no other bank account of any kind whatsoever to in which receivables are deposited.

ARTICLE VI FEDERAL INCOME TAX MATTERS AND ELECTIONS

Section 6.01. Tax treatment. Each party is responsible for obtaining its own advice on federal income tax matters with respect to the transaction contemplated by this Agreement. Any tax incurred as a result of the transactions contemplated by this Agreement will be the obligation of the party realizing the income on which the tax is based.

ARTICLE VII NOTICES

Section 7.01. Procedure for giving notices. Any and all notices or other communications required or permitted to be given under any of the provisions of this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered (excluding facsimile and including receipted express courier and overnight delivery service) or mailed by first class certified U.S. mail, return receipt requested showing name of recipient, addressed to the proper party.

Section 7.02. Addresses for notices. For purposes of sending notices under this Agreement, the addresses of the parties are as follows:

As to the Acquired Corporation
and the Seller:

Intelicom Holding Corporation
28050 US 19 N. Suite 202
Clearwater, FL 33761
Attn: David Kanstoroom
David Spezza

With required copy to:

Michael A. Schlesinger, Esq.
Tucker Flyer
1615 L Street N.W., Suite 400
Washington, D.C. 20036

As to The Purchaser:

Scott Wilson
President, S4 Corporation
2500 Woodland Park Dr., #E204
Houston, TX 77077

With required copy to:

Doug Felder, P.C.
55 West Monroe St
32nd Floor
Chicago, IL 60603

Section 7.03. Change of address. A party may change its address for notices by sending a notice of such change to all other parties by the means provided in Section 7.01.

Section 7.04. Notices to the Acquired Corporation by the Purchaser after Closing. Any notice required or permitted by this Agreement to be given to the Acquired Corporation by the Purchaser after the Closing shall be given by the Purchaser to the Seller.

ARTICLE VIII LEGAL AND OTHER COSTS

Section 8.01. Party entitled to recover. In the event that any party (the "Defaulting Party") defaults in its obligation under this Agreement and, as a result thereof, the other party (the "Non-Defaulting Party") seeks to legally enforce its rights hereunder against the Defaulting Party (whether in an action at law, in equity or in arbitration), then, in addition to all damages and other remedies to which the Non-Defaulting Party is entitled by reason of such default, the Defaulting Party shall promptly pay to the Non-Defaulting Party an amount equal to all costs and expenses (including reasonable attorneys' fees and expert witness fees) paid or incurred by the Non-Defaulting Party in connection with such enforcement. The Defaulting Party will be determined through a court of law or through arbitration.

Section 8.02. Limitation. Notwithstanding the above, no amount shall be paid by the Seller as a result of any claim, unless and until, and then only to the extent that, the Purchaser has suffered, incurred, sustained or become subject to damages, costs and expenses in excess of \$10,000 in the aggregate; provided, that Seller shall not be liable for any amounts under this Article VIII in excess of the lesser of (a) the aggregate payments actually received by the Seller under the Note, plus \$50,000 or (b) \$550,000.

ARTICLE IX
MISCELLANEOUS

Section 9.01. Effective date. Except as expressly set forth herein, for purposes of determining the responsibility for liabilities and similar matters, the effective date of this Agreement shall be the Closing.

Section 9.02. Entire agreement. This writing constitutes the entire agreement of the parties with respect to the subject matter hereof, superseding all prior agreements, understandings, representations and warranties.

Section 9.03. Waivers. No waiver of any provision, requirement, obligation, condition, breach or default hereunder, or consent to any departure from the provisions hereof, shall be considered valid unless in writing and signed by the party giving such waiver, and no such waiver shall be deemed a waiver of any subsequent breach or default of the same or similar nature.

Section 9.04. Amendments. This Agreement may not be modified, amended or terminated except by a written agreement specifically referring to this Agreement signed by all of the parties hereto and amendment, modification or alteration of, addition to or termination of this Agreement or any provision of this Agreement shall not be effective unless it is made in writing and signed by the parties.

Section 9.05. Construction. This Agreement has been negotiated by the parties, section by section, and no provision hereof shall be construed more strictly against one party than against the another party by reason of such party having drafted such provision. The order in which the provisions of this Agreement appear are solely for convenience of organization; and later appearing provisions shall not be construed to control earlier appearing provisions.

Section 9.06. Invalidity. It is the intent of the parties that each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law. If any provision hereof shall be prohibited, invalid, illegal or unenforceable, in any respect, under applicable law, such provision shall be ineffective to the extent of such prohibition, invalidity or non enforceability only, without invalidating the remainder of such provision or the remaining provisions of this Agreement; and, there shall be substituted in place of such prohibited, invalid, illegal or unenforceable provision a provision which nearly as practicable carries out the intent of the parties with respect thereto and which is not prohibited and is valid, legal and enforceable.

Section 9.07. Multiple counterparts. This Agreement may be executed in one or more counterparts, each of which shall be an original and, taken together, shall be deemed one and the same instrument.

Section 9.08. Assignment, parties and binding effect. This Agreement, and the duties and obligations of any party shall not be assigned without the prior written consent of the other

party(ies). This Agreement shall benefit solely the named parties and no other person shall claim, directly or indirectly, benefit hereunder, express or implied, as a third-party beneficiary, or otherwise. Wherever in this Agreement a party is named or referred to, the successors (including heirs and personal representative of individual parties) and permitted assigns of such party shall be deemed to be included, and all agreements, promises, covenants and stipulations in this Agreement shall be binding upon and inure to the benefit of their respective successors and permitted assigns.

Section 9.09. Arbitration. Unless a court of competent jurisdiction shall find that a particular dispute or controversy cannot, as a matter of law, be the subject of arbitration, any dispute or controversy arising hereunder, other than suit for injunctive relief which can be granted only by a court of competent jurisdiction, shall be settled by binding arbitration in Tampa, Florida by a panel of three arbitrators in accordance with the rules of the American Arbitration Association; provided, that the rules of discovery of the U.S. District Court with jurisdiction of the situs of the arbitration shall apply. Judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof. The parties may pursue all other remedies with respect to any claim that is not subject to arbitration.

Section 9.10. Jurisdiction and venue. Any action or proceeding for enforcement of this Agreement and the instruments and documents executed and delivered in connection herewith which is determined by a court of competent jurisdiction not, as a matter of law, to be subject to arbitration as provided in Section 9.09 or which seeks injunctive relief shall be brought and enforced in the courts of the State of Florida in and for Pinellas County and in the United States District Court for the Middle District of Florida, Tampa Division, and the parties irrevocably submit to the jurisdiction of each such court in respect of any such action or proceeding.

Section 9.11. Applicable law. This Agreement and all amendments thereof shall be governed by and construed in accordance with the law of the State of Florida applicable to contracts made and to be performed therein (not including the choice of law rules thereof).

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be signed by their respective officers thereunto duly authorized and their respective corporate seals to be hereunto affixed, the day and year first above written

S4 Corporation

By: _____
Scott Wilson, President

[Signatures continued on following page]

Intelicom International Corporation

By: _____
David Kanstoroom, Acting as Power of
Attorney for David Spezza, President

Intelicom Holding Corporation

By: _____
David Kanstoroom, Acting as Power of
Attorney for David Spezza, President

The undersigned hereby agrees to be bound by Sections 2.01, 2.02, 3.01(c), 4.02(e), (f), (i) and 5.10 of this Agreement. The undersigned further agrees that, in the event any of the undersigned breaches any of the representations or warranties contained in Sections 4.02(e), (f) or (i) and the covenant in Section 5.10 hereof, the undersigned shall be deemed to be a Defaulting Party under Section 8.01 and shall be obligated to pay the costs and expenses of the Non-Defaulting Party as set forth in Article VIII hereof.

S4 Wholesale Service Corp.

By: _____
Scott Wilson, President

[Signatures continued from previous page]

Exhibit B

S4
Profit and Loss
January through December 1998

	Jan - Dec '98
Ordinary Income/Expense	
Income	
Sales	182,565.77
Services	3,063,193.87
Total Income	3,245,759.64
Cost of Goods Sold	
AMERITECH LOCAL SERVICE	
FINANCE CHARGES	-852.04
INFORMATION	19,719.68
LEC BILLING	35,710.33
LOCAL & STATE ADDITIONAL	4,047.05
LOCAL USAGE	107,098.23
LONG DISTANCE	6,437.37
MONTHLY SERVICE	177,019.86
OTHER CHARGES AND CREDITS	17,027.55
TAXES	1,954.42
AMERITECH LOCAL SERVICE - Other	619,106.24
Total AMERITECH LOCAL SERVICE	987,268.69
AMERITECH VOICEMAIL	13,227.39
AT&T	
900 Numbers	50.81
Long Distance	6,675.81
Total AT&T	6,726.62
CELLULAR	66,990.97
CONFERENCE CALL	633.82
INTERNET COGS	100.00
LONG DISTANCE	163.08
MFS	25,179.64
OTHER LEC	18,517.55
PAGER Purchase	1,894.00
PAGER SERVICE	10,287.63
TRAVEL CARDS	37,087.79
WORLDCOM	1,135,920.86
Total COGS	2,303,998.04
Gross Profit	941,761.60
Expense	
Amortization Expense	2,812.50
Answering Service	508.25
Bad Debt Expense	33,397.00
Bank Service Charges	520.44
BILLING	72,576.72
COMMISSION EXPENSE	19,141.84
Dues and Subscriptions	245.00
Equipment Rental	14,011.33
Insurance	790.00
Interest Expense	
Finance Charge	1,379.46
Total Interest Expense	1,379.46
Licenses and Permits	604.50
MARKETING	5,200.00
Miscellaneous	500.00
Office Supplies	4,613.45
Postage and Delivery	2,193.40
Printing and Reproduction	195.30
Professional Fees	
Collection	144.80
CONTRACTED LABOR	400,490.45
Legal Fees	59,513.78
Total Professional Fees	460,149.03

S4
Profit and Loss
January through December 1998

	<u>Jan - Dec '98</u>
Rent	33,917.45
Repairs	
Computer Repairs	262.00
Equipment Repairs	812.77
Total Repairs	<u>1,074.77</u>
Taxes	
Federal Excise	47,092.89
Local	5,659.00
Local Excise	69,445.33
State Excise	103,676.00
Total Taxes	<u>225,873.22</u>
Telephone	5,696.57
Travel & Ent	
Travel	7,573.00
Travel & Ent - Other	750.00
Total Travel & Ent	<u>8,323.00</u>
Total Expense	<u>893,723.23</u>
Net Ordinary Income	48,038.37
Other Income/Expense	
Other Income	
Other Income	244,950.16
Total Other Income	<u>244,950.16</u>
Net Other Income	<u>244,950.16</u>
Net Income	<u><u>292,988.53</u></u>

S4
Balance Sheet
 As of December 31, 1998

Dec 31, '98

ASSETS

Current Assets	
Checking/Savings	
Checking	229,736.95
Total Checking/Savings	229,736.95
Accounts Receivable	
ACCOUNTS RECEIVABLE	
Allowance for Bad Debt	-33,397.00
ACCOUNTS RECEIVABLE - Other	908,294.49
Total ACCOUNTS RECEIVABLE	874,897.49
Total Accounts Receivable	874,897.49
Other Current Assets	
Prepaid Rent	3,244.50
Total Other Current Assets	3,244.50
Total Current Assets	1,107,878.94
Other Assets	
CORPORATE IDENTITY	
AMORTIZATION OF CORPORATE IDENT	-2,812.50
CORPORATE IDENTITY - Other	7,500.00
Total CORPORATE IDENTITY	4,687.50
Total Other Assets	4,687.50
TOTAL ASSETS	1,112,566.44

LIABILITIES & EQUITY

Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	574,010.43
Total Accounts Payable	574,010.43
Other Current Liabilities	
Excise Taxes Payable Federal	13,456.62
Excise Taxes Payable Local	4,451.75
Excise Taxes Payable State	20,193.12
LEGAL FEES	-40,000.00
Total Other Current Liabilities	-1,898.51
Total Current Liabilities	572,111.92
Total Liabilities	572,111.92
Equity	
Opening Bal Equity	-6,576.84
Retained Earnings	254,042.83
Net Income	292,988.53
Total Equity	540,454.52
TOTAL LIABILITIES & EQUITY	1,112,566.44

INTELCOM
Balance Sheet
As of December 31, 1998

	Dec 31, '98
ASSETS	
Current Assets	
Accounts Receivable	59,590.00
Accounts Receivable - LD	59,590.00
Total Accounts Receivable	<u>59,590.00</u>
Total Current Assets	59,590.00
Fixed Assets	
#7 Phones	
Accum. Depreciation	-457.04
Original Cost	900.00
Total #7 Phones	142.96
#8 Table & Chairs	
Accum. Depreciation	-1,142.96
Original Cost	1,500.00
Total #8 Table & Chairs	357.04
#a10 Furniture & Equipment	
Accum. Depreciation	-2,147.20
Original Cost	2,818.21
Total #a10 Furniture & Equipment	571.01
#a15 Chair & File	
Accum. Depreciation	-249.11
Original Cost	394.83
Total #a15 Chair & File	145.72
#a19 Front Desk	
Accum. Depreciation	-1,413.94
Original Cost	2,284.28
Total #a19 Front Desk	870.34
#aa20 Logo in Reception Area	
Accum. Depreciation	-427.89
Original Cost	704.74
Total #aa20 Logo in Reception Area	276.85
#aa25 Computer Workstation #5	
Accum. Depreciation	-1,723.50
Original Cost	2,295.00
Total #aa25 Computer Workstation #5	571.50
#aa27 Desk (TH)	
Accum. Depreciation	-553.09
Original Cost	1,066.00
Total #aa27 Desk (TH)	512.91
#aa28 Computer Workstation #7	
Accum. Depreciation	-1,062.60
Original Cost	1,449.00
Total #aa28 Computer Workstation #7	386.40
#aa29 Computer Workstation #8	
Accum. Depreciation	-3,123.11
Original Cost	4,358.00
Total #aa29 Computer Workstation #8	1,234.89
#aaa30 Computer Network Cards	
Accum. Depreciation	-347.06
Original Cost	563.00
Total #aaa30 Computer Network Cards	215.94
#aaa31 Desks & Walls, Cons Supp	
Accum. Depreciation	-272.52
Original Cost	835.73

INTELCOM
Balance Sheet
As of December 31, 1998

	Dec 31, '98
Total 88831 Desks & Walls, Cons Supp	363.21
88833 Freedman's Furniture	-534.80
Accum. Depreciation	1,247.07
Original Cost	712.47
Total 88832 Freedman's Furniture	6,454.24
Total Fixed Assets	68,044.34
TOTAL ASSETS	68,044.34
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Payroll Liabilities	
Health Insurance	147.00
Total Payroll Liabilities	147.00
Total Other Current Liabilities	147.00
Total Current Liabilities	147.00
Total Liabilities	147.00
Equity	
Additional Paid in Capital	41,088.24
Opening Bal Equity	86,743.18
Paid in Capital From 3L Merger	-120.00
Additional Paid in Capital - Other	45,524.92
Total Additional Paid in Capital	800.00
Capital Stock	-43,648.81
Liability paid on behalf of per	80,041.99
Retained Earnings	-16,922.88
Net Income	65,697.24
Total Equity	66,044.24
TOTAL LIABILITIES & EQUITY	68,044.24

INTELICOM
Profit and Loss
January through December 1998

Jan - Dec '98

Ordinary Income/Expense

Income

Ordinary Income

Commissions Received

Annex	154.04
BTI	331,731.36
Coastal Telecom	19,971.99
Comtel	69.09
Cyberlink	2,046.28
Eagle Conference Calls	85.85
ICI Commissions	13,627.56
Integritel	2,503.70
Network Long Distance	8,982.76
Network Plus	12,270.67
NOS 1+	7,812.45
Optimal Telecom	3,752.71
Phone One	151,174.80
Premiere	18.42
Teico	10,032.67
Terracom Commissions	1,289.30
Touchfon	3,222.32
Vartec Telecom	932.45
WCT/Frontier	290,608.04
Commissions Received - Other	-40,000.00

Total Commissions Received 820,066.46

Consultant Fees

Renewal Fees 7,620.00

Total Consultant Fees 7,620.00

Long Distance Retail Sales 1,271,248.40

Material Orders 678.94

Total Ordinary Income 2,099,611.80

Total Income 2,099,611.80

Expense

Cost of Sales

Independent Contractor Commisal 411,923.65

Reseller Costs

Accounting - STRG	30,217.38
Answering Service	2,789.72
Bad Debt Expense	9,995.64
Billing Costs (VLM)	45,094.01
BTI Network Time	842,781.35
Collections - SPA	247.93
Credit Checking Costs - TRW	5,638.53
Legal - CSC Networks	6,142.87
Legal Collections - Milliken, MR	2,134.10
Public Filing Requirement Fees	587.00
State Fees	21,729.91
State Taxes on Minutes Sold	77,018.94
Reseller Costs - Other	538.85

INTELICOM
Profit and Loss
January through December 1998

	<u>Jan - Dec '98</u>	
Total Reseller Costs		<u>1,044,926.27</u>
Total Cost of Sales		1,456,849.92
Operating Expenses		
Bank Fees		1,301.33
Charitable Donation		0.00
Computer Supplies		1,638.41
Computer Support		
Computer Maintenance	3,242.88	
Net Design - Tina White	1,702.38	
Computer Support - Other	2,252.82	
Total Computer Support		7,198.08
Copier Lease Payments		5,182.74
Delta Copier Maintenance		3,279.12
Depreciation Expense		
Retired Fixed Assets	8,238.67	
Depreciation Expense - Other	10,449.95	
Total Depreciation Expense		18,688.52
Employee Leasing		2,314.93
Employee Training		0.00
Fax Lease Payment		989.76
Fax Machine Maintenance		1,326.91
Insurance		
Group Health Insurance		
Health Insurance (Employee)	7,088.24	
Group Health Insurance - Other	4,726.54	
Total Group Health Insurance		11,814.78
Insurance - Other		3,866.98
Total Insurance		15,880.76
Laptop Lease Payments		4,471.88
Lease on Mailing Machine		1,852.81
Marketing Expenses		
Advertising	2,704.38	
Association Fees	200.00	
Printing Costs	1,366.64	
Promotions & Promo Items	2,788.31	
Marketing Expenses - Other	0.00	
Total Marketing Expenses		7,059.34
Misc. Expenses		-2.00
Office Expenses		2,572.84
Office Supplies		1,618.74
Payroll Expenses		
Federal Unemployment (940)	616.05	
Florida Unemployment	1,248.79	
Gross Salaries	373,977.52	
Medicare (Company)	5,231.32	
SAR-SEP (Company)	8,543.85	

INTELCOM
Profit and Loss
January through December 1998

	<u>Jan - Dec '98</u>
Social Security (Company)	14,206.45
Payroll Expenses - Other	1,081.72
Total Payroll Expenses	404,885.70
Phone Maintenance	6,157.47
Phone System Lease	5,879.89
Postage	6,577.75
Professional Fees	
BDO Seidman	10,000.00
Holland & Knight	1,793.22
Legal - Other	62,119.71
Legal - Bubley & Bubley	1,797.13
Legal - Nowalsky & Bronston	1,540.38
Total Professional Fees	67,260.42
Rent	31,993.10
Server Lease Payments	6,188.40
Taxes & State Fees	
Florida Intangible Tax	1,432.67
Taxes & State Fees - Other	3,341.28
Total Taxes & State Fees	4,773.85
Telephone Expenses	27,601.45
Travel Expenses	
Air Travel	8,512.24
Business Meals	4,629.11
Lodging	6,784.97
Misc Travel	0.00
Rental Cars	3,389.85
Travel Expenses - Other	0.00
Total Travel Expenses	23,326.17
Total Operating Expenses	659,775.37
Tax - Income Tax Provision	
Federal Income Tax	0.00
Florida Corporate Income Tax	0.00
Total Tax - Income Tax Provision	0.00
Total Expense	2,116,625.29
Net Ordinary Income	-17,013.49
Other Income/Expense	
Other Income	
Interest	1,970.74
Total Other Income	1,970.74
Net Other Income	1,970.74
Net Income	-15,042.75